

ILLINOIS-AMERICAN WATER COMPANY
RESPONSE TO ILLINOIS COMMERCE COMMISSION
DATA REQUEST NUMBER DAB 1.10

Person Responsible:
Title:
Phone No.:
Date Received:
Docket No.:

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00-0476

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Follow-up to IAWC response to Staff Data Request number RL 2.04: Is it correct that the Company does not allocate the purchase price between CUCI and CLW on the basis of Gross PP&E? That is, it appears that estimated Gross PP&E at closing for CLW is 53,900,000, but only \$28.329 million of the Aggregate Purchase Price is allocated to CLW, is this correct?

RESPONSE

The Company's allocation of estimated purchase price **at closing** approximates an allocation basis of Gross PP&E, as demonstrated on the attached schedule.

The assets of CLW at June 30, 1999 of \$5,683,693 represent costs incurred to date on a pipeline having an estimated total cost at completion of \$53.9 million. The Company's allocation of purchase price was based on pro-forma assets of CLW considering the cost of the completed pipeline. The purchase price at closing will include CLW's pipeline construction costs incurred subsequent to June 30, 1999.

ALLOCATION OF PURCHASE PRICE BETWEEN CUCI AND CLW

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	Total Cost	CUCI	CLW	CRC
<u>Assets Trued-up for Completed Pipeline:</u>				
Assets @ 6/30/99	163,999,975	153,280,282	5,683,693	5,036,000
Add Costs to Complete Pipeline	48,216,307		48,216,307	
Assets @ 6/30/99 Trued-up for Completed Pipeline	212,216,282	153,280,282	53,900,000	5,036,000
Less CRC Assets to be Booked at Cost (see footnote)	5,036,000	-	-	5,036,000
CUCI and CLW Assets Trued-up for Completed Pipeline	207,180,282	153,280,282	53,900,000	-
Gross PP&E Ratio		74%	26%	

Aggregate Contract Price Trued-up for Completed Pipeline:

Aggregate Contract Price	253,160,000		
Add Costs to Complete Pipeline	48,216,307		
Aggregate Contract Price Trued-up for Completed Pipeline	301,376,307		
Less CRC Assets to be Booked at Cost (see footnote)	5,036,000		
Allocation of Remainder to CUCI and CLW Based on Gross PP&E Ratio	296,340,307	219,291,827	77,048,480
Less Cost to Complete Pipeline			48,216,307
Aggregate Contract Price Allocated to CUCI and CLW		219,291,827	28,832,173

Allocation of Aggregate Contract Price to CUCI and CLW:

Based on Gross PP&E Ratio

219,291,827	28,832,173
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Per Agreement

219,896,000	28,228,000
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Footnote: The allocation of aggregate contract price to CRC assets (office) was based on the book value of the office, due to Utility's fixed lease obligation for the Office, which was based on book value.